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AUTOS

Insurer's In-Car Data-Gathering Draws Scrutiny

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A small test group of consumers will soon be able to save money on auto insurance -- if they give up some privacy on the road.

Next week, Progressive Corp. of Mayfield Village, Ohio, will begin a pilot program in Minnesota to track how often, how far and how fast people drive. The insurer will provide as many as 5,000 volunteers with a matchbox-sized electronic device to be installed in their cars to gather this information.

The incentive to sign up? Drivers get a guaranteed auto-insurance discount of 5%, and savings of as much as 25%, depending on their driving habits.

The program -- though on a small scale and with no guarantee of being rolled out nationwide -- is being watched closely by consumer advocates, who are concerned about the privacy of drivers' information. This becomes more of an issue if these data are eventually gathered from more consumers in additional states.

Progressive doesn't plan to share with others the information it collects, according to Dave Huber, a manager at the company. Also, drivers can view their information before deciding whether to submit it to Progressive, he said.

Another reason why the insurer's move is getting attention: It follows a recommendation last week by the National Transportation Safety Board to put black boxes into new cars. The proposal came out of a hearing into a 2003 car accident in California. The purpose of these devices is to gather data at the time of an automobile crash to improve car and driver safety.

The recommendation raises questions about who would have access to this information and whether consumers should be notified about this device.

Many cars already have rudimentary devices that gather some crash information. Some auto makers, including General Motors Corp., have gone a step further, putting in sophisticated electronic contraptions to track data such as car speed and seat-belt usage in crashes where the air bag has been deployed.

Whenever driver data are collected, the concern is that law enforcement or lawyers could try to summon this information during, respectively, investigations or civil lawsuits, according to Beth

Givens, director of the Privacy Rights Clearinghouse, a nonprofit consumer-information program based in San Diego.

"It may take a while for the privacy implications to become evident, but the main thing that individuals should be concerned about is the secondary use of that data," Ms. Givens said.

For now, other insurers are watching Progressive's efforts. "We're always interested in finding methods of fine-tuning how we assess risk," said Dick Luedke, a spokesman for State Farm, one of the nation's largest auto insurers.

In deciding whether to expand the current pilot program, Progressive will consider factors such as consumers' reactions to the devices and whether the company gets more customers.

"We're hopeful all the while that this will allow us to attract safer drivers," Mr. Huber said.

For some consumers, the financial benefits outweigh any privacy issues.

Jacob Sevlie, 26 years old, was one of 250 drivers who accepted \$25 to test out Progressive's device earlier this year, before it was offered to other consumers. Mr. Sevlie, who lives in Minneapolis, said he isn't concerned about the insurer knowing how fast and how often he is driving.

"If it was tracking where I'm driving, that might be an issue, but how much I'm driving, that's not really private to me," said Mr. Sevlie, who hopes to get into the pilot program to get what he estimates will be a 15% discount on auto insurance.

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